

Message Text

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PAGE 01 PEKING 02079 010843Z

14

ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W
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R 010045Z OCT 75

FM USLO PEKING

TO SECSTATE WASHDC 4668

INFO AMCONGEN HONG KONG

C O N F I D E N T I A L PEKING 2079

EXDIS

FOR EA/PRCM OSCAR ARMSTRONG FROM AMB BUSH

E.O. 11652: GDS

TAGS: ENGR, CH, US, HK

SUBJ: A WEIRD MEETING WITH ARNED HOOSE

1. ON OCT 29 I MET WITH ARNED HOOSE IN MY HOTEL ROOM IN CANTON. THE MEETING OPENED WITH HOOSE POINTING SUSPICIOUSLY AT THE COOL-ING DUCT AND HANDING ME A NOTE SUGGESTING THAT THE PLACE WAS BUGGED. WE WENT OUT ON TO MY CHILLY BALCONY.

2. HOOSE PROCEEDED TO FILL ME IN ON THE FLUOR PROJECT. HE HAD JUST BEEN ADVISED THAT DAVID ROCKEFELLER OF THE CHASE, TOM CLAUSEN OF THE BANK OF AMERICA, MR. FLUOR AND MR. EWART OF FLUOR CORP., AND HOOSE HAD BEEN PUT ON STANDBY TO COME TO PEKING TWO WEEKS AFTER THE PRESIDENT'S VISIT TO DISCUSS THE FLUOR PROJECT WITH QTE CHINESE LEADERS UNQTE. HOOSE DID NOT PRESS FOR ANY DETAILS ON WHEN THEPRESIDENT'S VISIT WAS GOING TO TAKE PLACE.

3. HOOSE HIMSELF WAS ON STANDBY TO GO OUT TO THE SITE OF THE PROPOSED CANTON PLANT. HE STATED THAT THE CANTON PLANT WAS ONE-FOURTH AS BIG AS THE SHANGHAI ONE, WHICH WAS ONE-HALF AS BIG AS THE PROPOSED HONG KONG FACILITY. THUS THE CANTON PROJECT WOULD NOT CONFLICT WITH THE HONG KONG PROJECT.

4. HOOSE MADE SEVERAL OBLIQUE REFERENCES TO THE POSSIBILI-
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PAGE 02 PEKING 02079 010843Z

ITY THAT CHINESE MIGHT HAVE RAISED THE FLUOR PROJECT DUR-

ING SECRETARY KISSINGER'S PEKING VISIT, EVEN USING HIS
FAMED QTE REVERSE PROBLEM UNQTE WORDS. HE DID NOT PRESS
ME ON THIS SUBJECT AT ALL.

5. HOOSE DEVOTED MUCH MORE OF HIS TIME TO A PAPER HE
HANDED ME ENTITLED QTE A PROPOSED SOLUTION TO THE PROBLEM
OF ACHIEVING FULL NORMALIZATION OF SINO/AMERICAN RELATIONS
UNQTE. THIS FIVE-AND-A-HALF LEGAL SIZED PAGE MEOGRAPHED
DOCUMENT, DATED OCTOBER 13,1975, WAS SUPPOSEDLY PREPARED
WITH THE KNOWLEDGE OF HIGH CHINESE OFFICIALS. I WILL
POUCH TO YOU HOOSE'S TWO-PAGE COVERING LETTER AND THE
DOCUMENT, BUT FOLLOWING ARE SOME PERTINENT POINTS MADE BY
HOOSE.

(A) THE PROPOSAL WAS RUSHED TO COMPLETION IN A SECRET
MID-NIGHT SESSION WITH HOOSE AND LEE PAY-CHU AT LEE'S
HOTEL IN CANTON.

(B) WHEN THE PROPOSAL WAS TANSLATED INTO ENGLISH,
THE AIDE TO VICE MINISTER OF TRADE, CHAI SHU-FAN, RUSHED
THE TRANSLATION TO AN AIRPLANE TO SEND IT TO TENG HSIAO-
PING FOR HIS QTE POSSPIBLE REFERENCE DURING THE TALKS WITH
SECRETARY KISSINGER UNQTE.

(C) HOOSE STATED TENG HSIAO-PING VIA CHAI SHU-FAN
HAD REQUESTED LEE TO REQUEST HOOSE'S ASSISTANCE IN PRE-
PARING AN ENGLISH TRANSLATION OF THE CHINESE MEMORANDUM
TO BE RUSHED VIA AIR TO TENG.

(D) I ASKED HOOSE WHETHER ANY CHINESE HIGH OFFICIALS
KNEW ABOUT THIS PROPOSAL. HE REPLIED THAT BOTH YEH PING
OF CHINA RESOURCES, AND CHEN HUNG, DEPARTMENT MANAGER OF
THE BANK OF CHINA, KNEW ABOUT THIS. BOTH OF THESE PEOPLE
ARE APPARENTLY IN HONG KONG.

6. I WILL NOT DESCRIBE THE PROPOSAL IN DETAIL HERE, BUT
IT REVOLVES AROUND A GUARANTEE BY THE PRC AND THE US THAT
FOR APERIOD OF TEN YEARS OR LONGER THE PRC WILL NOT USE
MILITARY MEANS OR FORCE TO REGAIN CONTROL OF TAIWAN.

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 PEKING 02079 010843Z

7. FURTHER, IT ENVISAGES AN QTE AIR AND SEA BELT AROUND
THE PROVINCE OF TAIWAN AND ITS RELATED ISLAND UNQTE.
PEACE IN THE BELT WOULD BE MAINTAINED BY JOINT PATROLING
BY BOTH THE PRC AND THE US. ALL US TROOPS WOULD DEPART
TAIWAN. THE AREA INSIDE THE BELT WOULD BE CALLED THE
TAIWAN PEACE AREA. ULTIMATELY, THE JOINT CHINESE/
AMERICAN FORCES WOULD BE REPLACED BY MULTI-NATIONAL
FORCES AND EVENTUALLY BY UNITED NATIONS ELEMENTS.

8. THERE IS A PROVISION FOR TAIWAN CONTINUING TO QTE
ENJOY NORMAL COMMERICAL, INNOCENT NON-COMBATIVE MARITIME
AND AIR CARRIER ACCESS, INCLUDING INGRES AND EGRESS,
WITHOUT INTERFERENCE BY ANY COUNTRY WHATSOEVER UNQTE.

9. THERE IS A LOTMORE DETAIL INVOLVED HERE.

10. COMMENT: IN MY JUDGMENT, THIS PROPOSAL HAS TWO
CHANCES: SLIM, AND NONE.
BUSH

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PERSONAL OPINION, PETROLEUM INDUSTRY, PROGRAMS (PROJECTS)
Control Number: n/a
Copy: SINGLE
Draft Date: 01 OCT 1975
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975PEKING02079
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750379-1084
From: PEKING
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751092/aaaadefi.tel
Line Count: 126
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION SS
Original Classification: CONFIDENTIAL
Original Handling Restrictions: EXDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: EXDIS
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 10 JUL 2003
Review Event:
Review Exemptions: n/a
Review History: WITHDRAWN <09 JUL 2003 by ShawDG, 3.4.X5>; RELEASED <10 JUL 2003 by GolinoFR>; APPROVED <10 JUL 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: A WEIRD MEETING WITH ARNED HOOSE
TAGS: ENRG, CH, US, HK, FLUOR CORP, (HOOSE, ARNED)
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006